

EXECUTIVE DIRECTOR'S MONTHLY REPORT

MARCH 2008

I. Improve the efficiency and accountability of management within the organization

A. FY08-09 Draft Overall Work Program Budget

In recent years, SCAG has increased staffing and project commitments to one of the highest levels in its history. In terms of staffing, SCAG's staff level three years ago was 25% lower than it is today. In short, the organization has seen a dramatic increase in both SCAG staffing and financial commitments since the completion of the 2004 RTP. As part of our on going efforts to improve upon our delivery of services, we are making a concerted effort to concentrate our resources upon our legally mandated transportation planning activities and other activities such as Compass Blueprint and the Regional Comprehensive Plan. You will note that our proposed budget emphasizes these core activities and functions.

In addition to our focused efforts, this budget also recognizes the current economic downturn confronting all levels of government, whether local, state or federal. As a result of this downturn, it is anticipated that public monies that were available in years past, such as grants from the State Compass Blueprint Program, will be significantly reduced or otherwise unavailable to SCAG in the future. It is our intent to present a fundamentally sound, realistic budget that considers this reality. In light of this, and in preparation for the 2008/2009 fiscal year budget, SCAG's management has determined that it is necessary to scale back staffing and project commitments that are not mandated, and to focus our priorities on our core mission.

There are four specific factors that have contributed to an approximately five million dollar reduction in the FY 08-09 budget compared to FY 07-08:

- As mentioned above, SCAG's commitments over the past few years have resulted in a significant increase in staffing levels and consultant work.
- SCAG's non-federal grant funding has been reduced by \$3 million.
- SCAG's commitment to pre-fund its retiree health care benefit over five years increased agency costs by \$1.67 million.
- SCAG's federal grant funds availability has decreased by \$1 million.

These factors became evident during the development of the FY 08-09 budget and have presented difficult challenges for SCAG in maintaining the same level of commitment in the FY 08-09 for staffing and consultant levels. These factors require that in the coming year SCAG focus on core mandated activities and undertake significant reductions in consultant budgets for both SCAG and the Subregions. Additionally, there will be overall staffing reductions in the coming year. We will attempt to manage the reductions through attrition however other actions may be necessary.

We believe that such emphasis on core priorities and the recognition of the current economic circumstances compels SCAG to take these prudent actions. We strongly believe that these actions will place SCAG on sound financial ground and will insure that SCAG remains the nation's preeminent MPO and COG.

B. 2008 RTP Update

Comment period on the Draft 2008 RTP closed on Feb. 19, 2008. Staff is currently compiling the comments received, preparing appropriate responses and at the same time revising the Draft 2008 RTP document to address the comments received through the public hearings as well as written comments received. A special workshop of the TCC is planned for March 19, 2008 at 9:00am to discuss the comments received and how they are being addressed.

Executive management of RCTC, OCTA and SCAG convened via telephone on February 21st to discuss the inclusion of CETAP Corridor B in the 2008 RTP. The consensus of the three agencies that came out of this meeting is that CETAP Corridor B should be included in the Final 2008 RTP only as a Preliminary Engineering/EIR project and not as a capital project until the necessary commitments and funding for the project are in place. Based on a recently issued guideline by the DOT/FHWA clarifying planning rules, the current engineering work, including geotechnical work and preliminary EIR can move forward on this basis. However, the 2008 RTP may need to be amended to include this project should the EIR for this project be ready for certification prior to the next update of the RTP in 2012. Therefore, even though this project was included in the Draft 2008 RTP as a capital project, staff will be recommending this project for inclusion in the Final 2008 RTP only as a PE/EIR project based on this three-agency consensus.

OCTA Board took an action to deny Orangeline Development Authority for the use of Pacific Electric Right of Way or Metrolink Right of Way. The current Business Plan provided by the Orangeline Development Authority assumes no cost for any of the Right of Way. Staff contacted the Orangeline Development Authority several times and offered the Authority opportunity to resubmit its Business Plan to reflect the reality resulted from the OCTA Board's action. To date, SCAG has not received any revised Business Plan from the Authority on the financial constraints of the Right of Way.

Thus, staff recommends to TCC that the project be placed in the 2008 RTP Strategic Plan.